

RECEIVED  
LEGISLATIVE AUDITOR  
01 AUG 30 PM 4:20

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA**

**General Purpose Financial Statements  
and Independent Auditors' Reports**

**For the Year Ended June 30, 2001  
With Supplemental Information**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-19-01

# **Lafourche Basin Levee District**

**P. O. BOX 670  
21380 Highway 20  
Vacherie, Louisiana 70090  
(225) 265-7545**

## **GOVERNING BOARD**

<b>President Aubrey J. Gravois</b>	<b>- St. James Parish</b>
<b>Vice President Leroy Sullivan, Sr.</b>	<b>- Ascension Parish</b>
<b>Lloyd Becnel</b>	<b>- St. James Parish</b>
<b>Joe Bonadona</b>	<b>- Ascension Parish</b>
<b>Leonce Carmouche, Jr.</b>	<b>- Assumption Parish</b>
<b>Carl Bourgeois</b>	<b>- Lafourche Parish</b>
<b>Haston Louis, Sr.</b>	<b>- St. John the Baptist Parish</b>
<b>Terry J. Ordoyne</b>	<b>- Lafourche Parish</b>
<b>Kenneth Peltier</b>	<b>- Assumption Parish</b>
<b>Dudley Webre</b>	<b>- St. Charles Parish</b>
<b>Shelley Tastet</b>	<b>- St. Charles Parish</b>

**Randy J. Trosclair, Administrative Manager**

# TABLE OF CONTENTS

	<u>Note</u>	<u>Page</u>
Independent Auditors' Report on the Financial Statements .....		1
<b>General Purpose Financial Statements:</b>		
Combined Balance Sheet .....		2
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Governmental Funds .....		3
<b>Notes to the Financial Statements -</b>		
Introduction .....	1	4
Summary of Significant Accounting Policies .....	2	4
Basis of Presentation .....		4
Reporting Entity .....		4
Fund Accounting .....		4
Basis of Accounting .....		5
Budget Practices .....		5
Cash and Investments .....		6
Fixed Assets .....		6
Compensated Absences .....		6
Long-Term Obligations .....		6
Fund Equity - Reserves .....		7
Total Columns on Combined Statements .....		7
Cash .....	3	7
Investments .....	4	7
Notes Receivables/Deferred Revenues .....	5	8
Changes in General Fixed Assets .....	6	8
Pension Plan .....	7	9
Postemployment Health Care and Life Insurance Benefits .....	8	9
Deferred Compensation Pension Plan .....	9	9
Leave .....	10	9
Leases and Rental Commitments .....	11	10
Changes in General Long-Term Obligations .....	12	10
Intergovernmental Transfers .....	13	10
Estimates .....	14	10
Risk Management .....	15	10
Litigation and Claims .....	16	11
Ad Valorem Taxes .....	17	11
Federal Financial Assistance .....	18	11
Uncertainty .....	19	11
Compensation Paid to Board Members .....	20	12
<b>Other Report Required by <i>Government Auditing Standards</i></b>		
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		14
Schedule of Findings .....		16
<b>Supplemental Information Required by Division of Administration:</b>		
Independent Auditors' Report on the Annual Financial Report to the Louisiana Division of Administration .....		18
Annual Financial Report .....		19

*Leroy J. Chustz*  
*Certified Public Accountant, APAC*  
P. O. Box 158  
Denham Springs, LA 70727-0158  
225/667-2700  
Fax: 225/667-3553

and

*Beverly A. Ryall*  
*Certified Public Accountant*  
7426 President Dr.  
Baton Rouge, LA 70817  
225/752-5157  
Fax: 225/752-5147

## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Board of Levee Commissioners of the  
Lafourche Basin Levee District  
State of Louisiana  
Vacherie, Louisiana

We have audited the accompanying general purpose financial statements of Lafourche Basin Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of management of the Lafourche Basin Levee District. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche Basin Levee District as of June 30, 2001, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2001, on our consideration of the Lafourche Basin Levee District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 19 to the general purpose financial statements, the Federal Bureau of Investigation subpoenaed certain documents related to work undertaken by the Lafourche Basin Levee District in 1999 and 2000. No provision has been made in the general purpose financial statements to reflect this investigation.

*Leroy J. Chustz*  
Certified Public Accountant, APAC

*Beverly A. Ryall*  
Certified Public Accountant

August 14, 2001

LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001

	Governmental	Account Groups		Totals
	Fund Type	General	General Long	(Memorandum
	General	Fixed Assets	Term Debt	Only)
ASSETS				
Cash	\$ 135,560			\$ 135,560
Investments	12,712,780			12,712,780
Royalties and leases receivable	11,316			60,834
Notes receivable	49,518			2,705,594
Property, plant and equipment		\$ 2,656,076		2,705,594
Amount to be provided for liquidation of compensated absences			\$ 59,959	59,959
TOTAL ASSETS	\$ 12,909,174	\$ 2,656,076	\$ 59,959	\$ 18,380,321
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 24,014			\$ 24,014
Accrued payroll	17,464			18,033
Payroll deductions and accruals	569			375,366
Due to South Lafourche Levee District	73,487			115,534
Due to St. Charles Parish Council	251,792			343,312
Deferred revenues	49,518			375,366
Compensated absences payable			\$ 59,959	59,959
Total Liabilities	416,844		59,959	1,311,584
Fund Equity:				
Investment in general fixed assets		\$ 2,656,076		2,656,076
Fund balances -				
Designated for levee protection	1,500,000			1,500,000
Reserve for encumbrances	6,750			6,750
Unreserved - undesignated	10,985,580			10,985,580
Total Fund Equity	12,492,330	2,656,076		15,148,406
TOTAL LIABILITIES AND FUND EQUITY	\$ 12,909,174	\$ 2,656,076	\$ 59,959	\$ 16,459,990

The accompanying notes are an integral part of this statement.

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (GAAP BASIS) - GOVERNMENTAL FUND TYPE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes -			
Ad valorem taxes and interest	\$ 1,753,088	\$ 1,768,694	\$ 15,606
Intergovernmental revenues -			
State revenue sharing	71,886	71,310	(576)
Use of money and property -			
Interest earned	200,500	566,199	365,699
Royalties and leases	216,800	327,577	110,777
Permits and fees	4,800	4,700	(100)
Miscellaneous			
Environmental settlement		7,257,660	7,257,660
Sale of used equipment		132,369	132,369
Other revenues		21,433	21,433
Total Revenues	<u>2,247,074</u>	<u>10,149,942</u>	<u>7,902,868</u>
Expenditures:			
Current -			
Salaries - president	12,000	12,000	
Per diem - commissioners	24,300	21,900	2,400
Salaries - executive director	4,800	4,800	
Salaries - administrative	138,965	142,056	(3,091)
Salaries - levee maintenance	649,310	637,767	11,543
Salaries - janitorial	9,010	9,008	2
Employee benefits	212,330	280,747	(68,417)
Travel	11,700	16,858	(5,158)
Operating services	502,830	303,522	199,308
Professional services	98,410	150,449	(52,039)
Other charges	3,000	6,890	(3,890)
Deductions from ad valorem taxes		60,797	(60,797)
Capital outlays	522,200	124,461	397,739
Intergovernmental transfers	662,985	696,117	(33,132)
Total Expenditures	<u>2,851,840</u>	<u>2,467,372</u>	<u>384,468</u>
Excess of Revenues (Expenditures)	(604,766)	7,682,570	8,287,336
Other Sources:			
Installment sale proceeds	12,940	22,240	(9,300)
Excess of Revenues & Other Sources (Expenditures)	(591,826)	7,704,810	8,278,036
Fund Balance - Beginning of Year	<u>4,787,520</u>	<u>4,787,520</u>	
FUND BALANCE - End of Year	<u>\$ 4,195,694</u>	<u>\$ 12,492,330</u>	<u>\$ 8,278,036</u>

The accompanying notes are an integral part of this statement.

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**NOTE 1 - INTRODUCTION**

The Lafourche Basin Levee District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute (R.S.) 38:291. The Lafourche Basin Levee District is comprised of all or portions of the following parishes: Ascension, Assumption, Lafourche, St. Charles, St. James, and St. John the Baptist. The levee district primarily provides flood protection for those areas contained in the district. The governing board administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. The Board of Commissioners of the Lafourche Basin Levee District consists of eleven members appointed by the governor.

The Commission's operations are funded entirely through annual self-generated revenues.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The Lafourche Basin Levee District prepares its financial statements in accordance with the standards established by the GASB.

**Reporting Entity**

GASB Codification Section 2100 and GASB Statement 14, "The Financial Reporting Entity," have defined the governmental reporting entity to be the State of Louisiana. The Lafourche Basin Levee District is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the commissioners and public service is rendered within the state's boundaries. The accompanying general purpose financial statements present information only as to the transactions of Lafourche Basin Levee District, a component unit of the State of Louisiana.

Annually the State of Louisiana issues a general purpose financial statement which includes the activity contained in the accompanying financial statement. The general purpose financial statement is issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

**Fund Accounting**

The Lafourche Basin Levee District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the levee district are classified as governmental funds. Governmental funds account for the levee district's general activities, including the collection and disbursement of specific or legally restricted monies, the

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

acquisition or construction of general fixed assets, and the servicing of general long-term debt. The general fund is the only governmental fund of the levee district.

The **General Fund** is the general operating fund of the levee district and accounts for all financial resources, except those required to be accounted for in other funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position, not with measurement of results of operations. Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt.

Fixed assets used in the governmental fund type operations are accounted for in the **General Fixed Assets Account Group**, rather than in the governmental funds.

Obligations such as compensated absences payable expected to be financed from governmental funds are accounted for in the **General Long-term Debt Account Group**, not in the governmental funds.

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. As provided by R.S. 47:1997(b), ad valorem taxes are assessed for the calendar year, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income on demand deposits is recorded when earned and the income is available.

All other revenues are recorded when the levee district is entitled to the funds.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual and sick leave, which are recognized when paid, and principal and interest on general long-term debt, which are not recognized until due.

**Budget Practices**

In accordance with LSA-R.S. 39:1332-1342, the Lafourche Basin Levee District is required to submit a copy of its proposed budget for the upcoming fiscal year by the first day of the preceding January to the Joint Legislative Committee on the Budget, to each chairman of a standing committee of the Legislature having jurisdiction, to the Legislative Auditor, and the Legislative Fiscal Office.

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

The levee district prepares its budget in accordance with R.S. 38:318. The administrative manager of the levee district submits proposed operating budgets for the General Fund to the Board of Levee Commissioners of the Lafourche Basin Levee District and to the general public for inspection. The budgets are prepared on the modified accrual basis of accounting.

The levee district does not use encumbrance accounting. All appropriations lapse at year end.

**Cash and Investments**

Cash includes petty cash and demand deposits.

Under state law, the Lafourche Basin Levee District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the levee district may invest in certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash and cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

Investments are limited by R.S. 33:2955 and the Board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**Fixed Assets**

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if historical cost is not available.

**Compensated Absences**

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's current hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours and unused sick leave are used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure when leave is actually taken. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in the general long-term obligation account group.

**Long-Term Obligations**

Long-term obligations expected to be financed from governmental funds, including long-term debt and compensated absences for accumulated unpaid annual leave benefits, are accounted for in the general long-term obligations account group, not in the governmental funds.

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**Fund Equity - Reserves**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**Total Columns on Combined Statements**

The total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE 3 - CASH**

At June 30, 2001, cash as shown on the balance sheet is composed and secured from risk as follows:

	Book Balance	Bank Balance
Petty cash	\$ 50	
Demand deposit accounts	135,510	\$ 168,948
Total	<u>\$ 135,560</u>	168,948
Secured by federal deposit insurance		100,000
Secured by collateralized pledge of securities		514,969
Unsecured/uncollateralized		<u>\$ 0</u>

Cash is stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Board that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 4 - INVESTMENTS**

The Lafourche Basin Levee District maintains investment accounts as authorized by LA R.S. 33:2955. At June 30, 2001, the District's investments are reported in accordance with GASB Statement 31 as follows:

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

Type of Investments	Category of Risk			Reported Amount	Fair Value
	1	2	3		
U.S. Government securities	\$ 12,712,780			\$ 12,712,780	\$ 12,712,780
Total Categorized Investments	<u>\$ 12,712,780</u>			<u>\$ 12,712,780</u>	<u>\$ 12,712,780</u>

**NOTE 5 - NOTES RECEIVABLES/DEFERRED REVENUES**

The District has entered into several installment sale transactions transferring title to immovable property to other political subdivisions as follows:

1. In July 1993, a building with an original cost of \$149,350 was sold to Ascension Parish Police Jury for \$75,000 with a down payment of \$7,500 and a balance receivable of \$67,500 to be paid in nine installments of \$7,500 due January of each year through the year 2002.
2. In October 1997, some equipment was sold to St. James Parish Council for \$21,499.20 with a down payment of \$4,299.84 and a balance receivable of \$17,199.36 to be paid in four installments of \$4,299.84 due December of each year.
3. In November 1997, some equipment was sold to Assumption Parish Police Jury for \$22,800.00 with a down payment of \$1,140.00 and a balance receivable of \$21,660.00 to be paid in nineteen installments of \$1,140.00 due in November of each year until paid.
4. In February 2000, some equipment was sold to Lafourche Parish Recreation District No. 8 for \$36,477.75 with a down payment of \$3,647.77 and a balance receivable of \$32,829.98 to be paid in nine installments of \$3,647.77 due in March of each year until paid.

The changes in those transactions for the year ended June 30, 2001 is as follows:

	Balance 06-30-2000	Payments Received	Balance 06-30-2001
Ascension Parish Police Jury	\$ 15,000	\$ 7,500	\$ 7,500
St. James Parish Council	12,900	1,140	11,760
Assumption Parish Police Jury	19,380	8,600	10,780
Lafourche Parish Recreation District No. 8	24,477	5,000	19,477
Total	<u>\$ 71,757</u>	<u>\$ 22,240</u>	<u>\$ 49,517</u>

**NOTE 6 - CHANGES IN GENERAL FIXED ASSETS**

The following is a summary of fixed assets at June 30, 2001:

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$ 130,227			\$ 130,227
Buildings	418,163			418,163
Equipment	2,335,031	\$ 124,461	\$ (351,806)	2,107,686
Total	<u>\$ 2,883,421</u>	<u>\$ 124,461</u>	<u>\$ (136,955)</u>	<u>\$ 2,656,076</u>

**NOTE 7 - PENSION PLAN**

Substantially all employees of the levee district are members of the Social Security System. Covered employees are required to contribute 7.5% of their gross salary and the District matches this contribution. The District's contribution to the System for the year ended June 30, 2001 was \$63,257, equal to the required contribution. The District does not have any liability for employee pension benefits.

**NOTE 8 - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Lafourche Basin Levee District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the District. The District's cost of providing these benefits are recognized as an expenditure when the monthly premiums are paid. For the year ended June 30, 2001, the cost of retiree benefits for six retirees totaled \$15,522.

**NOTE 9 - DEFERRED COMPENSATION PENSION PLAN**

Effective July 17, 2000, the District established a 457 Retirement Plan with Travelers Insurance Company adopting Traveler's Allocated Contracts which allows each participant to choose from four or more funds offered. This gives each participant their own account with the ability to administer their individual accounts.

The District's contribution rate for the fiscal year was 6.0% or \$45,297.09 with the employees contributing \$32,132.12.

**NOTE 10 - LEAVE**

*Compensated Absences*

At June 30, 2001, employees of the District have accumulated and vested \$59,959 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded in the general long-term obligations account group (note 12).

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

***Compensatory Leave***

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2001, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ -0-. The leave payable is not recorded in the accompanying financial statements.

**NOTE 11 - LEASE AND RENTAL COMMITMENTS**

The levee district does not have any operating or capital leases.

**NOTE 12 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2001:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Compensated absences	\$ 62,672	\$ 33,666	\$ (36,379)	\$ 59,959

**NOTE 13 - INTERGOVERNMENTAL TRANSFERS**

Of all taxes collected by the Lafourche Basin Levee District from property located within certain areas of Lafourche Parish and St. Charles Parish located west of the Mississippi River, not less than 75% and 50%, respectively, of each collection shall be expended for the purposes of levee construction, levee maintenance, and other flood control and drainage works within the portions of those parishes from which the taxes were collected upon request by these parishes. These expenditures shall be in cash or in-kind services as determined by parish governing body and shall be certified as received by the parish's governing body at the end of each fiscal year. The District transferred \$696,117 in cash to St. Charles Parish Council.

**NOTE 14 - ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE 15 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees; and natural disasters. The District purchases insurance covering errors and

**LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001**

omissions, general liability, workers compensation, and health and life. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

**NOTE 16 - LITIGATION AND CLAIMS**

The levee district was a defendant in a lawsuit in which the plaintiff allege personal injury. Trial was held April 12, 1999, and judgment was in favor of District. However, plaintiff appealed to 4<sup>th</sup> Circuit.

In another lawsuit, the levee district is a co-defendant in which the plaintiffs all personal injury. Legal counsel does not foresee any potential liability to the levee district.

**NOTE 17 - AD VALOREM TAXES**

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto, the levee district may levy annually a tax not to exceed five mills. If the levee district needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by a majority vote of the electors. The following is a summary of authorized and levied ad valorem taxes:

Parish	Millage Levied	Assessed Values	Taxes Assessed
Ascension	3.23	\$ 42,508,740	\$ 112,943
Assumption	3.23	10,066,875	15,937
Lafourche	3.23	84,180,030	192,011
St. Charles	3.23	409,014,031	1,205,605
St. John the Baptist	3.23	6,103,199	9,591
			<u>\$ 1,536,087</u>

**NOTE 18 - FEDERAL FINANCIAL ASSISTANCE**

The Board received no federal funds during the year ended June 30, 2001.

**NOTE 19 - UNCERTAINTY**

On August 3, 2000, the District was subpoenaed to provide certain documents to the Federal Bureau of Investigation related to any work undertaken by the Lafourche Basin Levee District in 1999 and 2000 in District 1 of St. John the Baptist Parish, specifically the Pleasure Bend subdivision area, Highway 643, also referred to as Golden Star Plantation and/or Shell Hill Canal. The District provided all of the documents requested on August 16, 2000. As of June 30, 2001, the District has not received the results of this investigation.

LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001

**NOTE 20 - COMPENSATION PAID TO BOARD MEMBERS**

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute (R.S.) 38:308 and are included in the general administrative expenditures of the General Fund. Board members are paid \$75 per meeting for up to 36 meetings each year. The Board President, Mr. Aubrey J. Gravois, is paid a monthly salary of \$1,000 in lieu of per diem during his term in office.

The amounts paid to Board members during the year ended June 30, 2001, is as follows:

<u>Member</u>	<u>Salary</u>	<u>Per Diem</u>
Aubrey J. Gravois	\$ 12,000	
Lloyd Becnel		\$ 2,400
Joe Bonadona		2,400
Carl Bourgeois		1,950
Leonce Carmouche		2,625
Haston Lewis		2,475
Terry Ordoyne		2,625
Kenneth Peltier		2,475
Leroy Sullivan		300
Shelly Tastet		2,175
Dudley Webre		2,475
	<u>\$ 9,750</u>	<u>\$ 21,900</u>

## **OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

*Leroy J. Chustz*  
*Certified Public Accountant, CPA*  
P. O. Box 158  
Denham Springs, LA 70727-0158  
225/667-2700  
Fax: 225/667-3553

and

*Beverly A. Ryall*  
*Certified Public Accountant*  
7426 President Dr.  
Baton Rouge, LA 70817  
225/752-5157  
Fax: 225/752-5147

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Levee Commissioners of the  
Lafourche Basin Levee District  
State of Louisiana  
Vacherie, Louisiana

We have audited the general purpose financial statements of the Lafourche Basin Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2001, and have issued our report thereon dated August 14, 2001. We conducted our audit in accordance with generally accepted auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*.

***Compliance***

As part of obtaining reasonable assurance about whether the Lafourche Basin Levee District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Lafourche Basin Levee District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

relatively low level the risk that misstatements in amounts that would be material in relation in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended for the information and use of the Lafourche Basin Levee District and its management and is not intended to be and should not be used by anyone other than these specified parties. By provisions of state law, this report is a public document, and it has been distributed to appropriate officials.

*Leroy J. Chustz*

Certified Public Accountant, APAC

*Beverly A. Ryall*

Certified Public Accountant

August 14, 2001

**LAFOURCHE BASIN LEVEE DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2001**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of Lafourche Basin Levee District.
2. No instances of non-compliance were disclosed during the audit of the general purpose financial statements of Lafourche Basin Levee District.
3. No reportable conditions or material weakness involving the internal control over financial reporting were disclosed during the audit of the general purpose financial statements of Lafourche Basin Levee District.
4. There were no federal awards received by Lafourche Basin Levee District.

**B. FINDINGS--FINANCIAL STATEMENTS AUDIT**

**NONE**

**SUPPLEMENTAL INFORMATION REQUIRED BY**  
**STATE OF LOUISIANA**  
**DIVISION OF ADMINISTRATION**  
**OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

The following pages contain a report on the Board's Annual Financial Report prepared in accordance with the requirements of the Division of Administration, Office of Statewide Reporting and Accounting Policy.

*Leroy J. Chustz*  
*Certified Public Accountant, APAC*  
P. O. Box 158  
Denham Springs, LA 70727-0158  
225/667-2700  
Fax: 225/667-3553

and

*Beverly A. Ryall*  
*Certified Public Accountant*  
7426 President Dr.  
Baton Rouge, LA 70817  
225/752-5157  
Fax: 225/752-5147

**INDEPENDENT AUDITORS' REPORT ON ANNUAL FINANCIAL REPORT  
TO THE DIVISION OF ADMINISTRATION  
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

Board of Levee Commissioners of the  
Lafourche Basin Levee District  
State of Louisiana  
Vacherie, Louisiana

Our report on the audit of the general purpose financial statements of **LAFOURCHE BASIN LEVEE DISTRICT** as of and for the year ended June 30, 2001, appears on Page 1. That audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Annual Financial Report is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Leroy J. Chustz*  
Certified Public Accountant, APAC

*Beverly A. Ryall*  
Certified Public Accountant

August 10, 2000

COMPONENT UNIT  
FINANCIAL STATEMENTS

LAFOURCHE BASIN LEVEE DISTRICT  
STATE OF LOUISIANA

For the Year Ended June 30, 2001

DIVISION OF ADMINISTRATION:

OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY

**STATE OF LOUISIANA**  
**Lafourche Basin Levee Districts**  
**Annual Financial Statement**  
**For the Year Ended June 30, 2001**

**CONTENTS**

	<b>Statement</b>	<b>Page Number</b>
Affidavits		1
General Purpose Financial Statements:		
Combined Balance Sheet - Governmental Fund Type and Account Groups	A	2
Governmental Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	B	3
Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual - General Fund	C	4
Notes to the Financial Statements		5 - 11
	<b>Schedule</b>	
Schedule of Per Diem Paid Board Members	1	12
Schedule of State Funding	2	13
Schedule of Expenditures by Object	3	14
Supplemental Information for Note C		15 - 18



Schedule No.

**STATE OF LOUISIANA**  
Annual Financial Statement  
Fiscal Year Ending June 30, 2001  
Lafourche Basin Levee District  
(Agency Name)

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

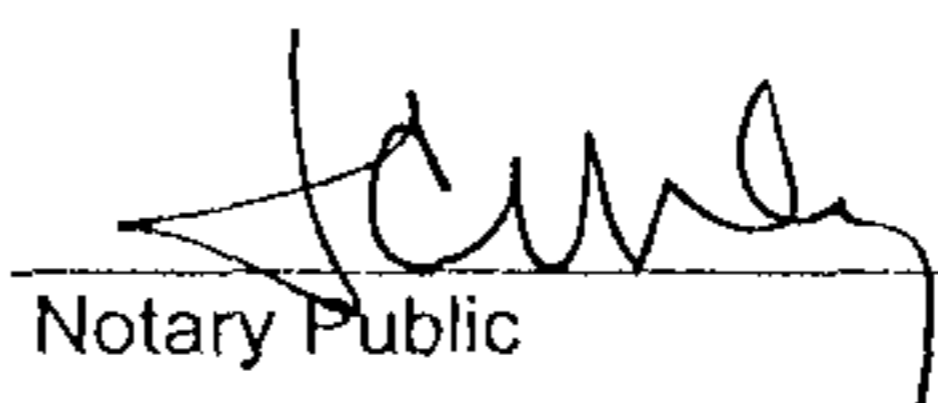
**AFFIDAVIT**

Personally came and appeared before the undersigned authority, Aubrey Gravois  
(Name) President (Title) of Lafourche Basin Levee District

(agency) who duly sworn, deposes and says, that the financial statement herewith given presents fairly the financial position of Lafourche Basin Levee District (agency) at June 30, 2001 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 28<sup>th</sup> day of August, 2001.

  
Signature of Agency Official

  
Notary Public

Prepared by: Clinton Rouyea, Jr.

Title: External Accountant

Telephone No.: 225-622-1651

Date: August 22, 2001

STATE OF LOUISIANA  
LAFOURCHIE BASIN LEVEE DISTRICT  
COMBINED BALANCE SHEET - GOVERNMENTAL FUND TYPE AND ACCOUNT  
GROUPS  
June 30, 2001

	GOVERNMENTAL FUND TYPE		ACCOUNT GROUPS	
	GENERAL FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS				
Cash and cash equivalents	\$ 135,560			\$ 135,560
Investments	12,712,780			12,712,780
Receivables	11,316			11,316
Notes receivable	49,518			49,518
Property, plant, and equipment		\$2,656,076		2,656,076
Other debits:				
Amount to be provided for retirement Of general long term debt			\$ 59,959	59,959
TOTAL ASSETS AND OTHER DEBITS	<u>\$12,909,174</u>	<u>\$2,656,076</u>	<u>\$ 59,959</u>	<u>\$15,625,209</u>
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts payable and accruals	367,326			367,326
Compensated absences payable			59,959	59,959
Deferred revenues	49,518			49,518
Total Liabilities	416,844			476,803
Equity and other credits:				
Investment in fixed assets		2,656,076		2,656,076
Fund Balances:				
Reserved for encumbrances	6,750			6,750
Other reserves	1,500,000			1,500,000
Unreserved	10,985,580			10,985,580
Undesignated (Deficit)				
Total equity and other credit	<u>12,492,330</u>	<u>2,656,076</u>	<u>59,959</u>	<u>15,148,406</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u>\$12,909,174</u>	<u>\$2,656,076</u>	<u>\$ 59,959</u>	<u>\$15,625,209</u>

The accompanying notes are an integral part of this statement.

Statement A

**STATE OF LOUISIANA**  
**LAFORCHE BASIN LEVEE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the year ended June 30, 2001**

**REVENUES**

Intergovernmental revenues	\$ 71,310
Taxed	1,768,694
Use of money and property	893,776
Licenses, permits, and fees	4,700
Other	<u>7,411,462</u>

Total revenues	<u>10,149,942</u>
----------------	-------------------

**EXPENDITURES**

Current	
General governmental	1,218,446
Health and Welfare	280,747
Other	147,601
Intergovernmental	696,117
Capital outlay	<u>124,461</u>

Total expenditures	<u>2,467,372</u>
--------------------	------------------

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,682,570</u>
---	------------------

**OTHER FINANCING SOURCES (USES)**

Other	<u>22,240</u>
-------	---------------

Total other financing sources (uses)	<u>22,240</u>
--------------------------------------	---------------

EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	7,704,810
--	-----------

FUND BALANCE AT BEGINNING OF YEAR	<u>4,787,520</u>
-----------------------------------	------------------

FUND BALANCE AT END OF YEAR	<u>\$12,492,330</u>
-----------------------------	---------------------

The accompanying notes are an integral part of this statement.

Statement B

STATE OF LOUISIANA  
LAFORCHE BASIN LEVEE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL GENERAL FUND  
For the year ended June 30, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Intergovernmental revenues	\$ 71,806	\$ 71,310	\$ (576)
Taxes	1,753,088	1,768,694	15,606
Use of money and property	417,300	893,776	476,476
Licenses, permits, and fees	4,800	4,700	(100)
Other	<u>0</u>	<u>7,411,462</u>	<u>7,411,462</u>
Total revenues	<u>2,247,074</u>	<u>10,149,942</u>	<u>7,902,868</u>
EXPENDITURES			
Current			
General government	1,360,965	1,218,446	142,519
Health and Welfare	212,330	280,747	(68,417)
Other	93,360	147,601	(54,241)
Intergovernmental	662,985	696,117	(33,132)
Capital outlay	<u>522,200</u>	<u>124,461</u>	<u>397,739</u>
Total expenditures	<u>2,851,840</u>	<u>2,467,372</u>	<u>384,468</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(604,766)</u>	<u>7,682,570</u>	<u>8,287,336</u>
OTHER FINANCING SOURCES (USES):			
Other	<u>12,940</u>	<u>22,240</u>	<u>9,300</u>
Total other financing sources (uses)	<u>12,940</u>	<u>22,240</u>	<u>9,300</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(591,826)</u>	<u>7,704,810</u>	<u>8,296,636</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>4,787,520</u>	<u>4,787,520</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$4,195,694</u>	<u>\$12,492,330</u>	<u>\$8,296,636</u>

The accompanying notes are an integral part of this statement.

Statement C

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2001**

**INTRODUCTION**

The Lafourche Basin Levee District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291. The following is a brief description of the operations of the District which includes the parishes in which the District is located. The Lafourche Basin Levee District was created to provide flood protection for those areas within its district. The Lafourche Basin Levee District presently includes all or portions of the following parishes: Ascension, Assumption, Lafourche, St. Charles, St. James, and St. John the Baptist. The Board of Levee Commissioners of the Lafourche Basin Levee District administers the operations and responsibilities of the levee district in accordance with the provisions of Louisiana statutes. Members of the Board of Levee Commissioners are appointed by the governor in accordance with the provision of Louisiana Revised Statute 38:304.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Presentation**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

**2. Reporting Entity**

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity of the District to be the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the commissioners, and public service is rendered within the state's boundaries. The accompanying statement presents only transactions of the Lafourche Basin Levee District, a component unit of the State of Louisiana. Annually the State of Louisiana issues a general purpose financial report which includes the activity contained in the accompanying financial statements. The general-purpose financial report is issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

**3. Fund Accounting**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The general fund is the only fund of the Lafourche Basin Levee District and is described as follows:

General Fund

The General Fund is the general operating fund of the Lafourche Basin Levee District. It is used to account for all financial resources.

Account Groups

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations. Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt.

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2001**

- a. General Fixed Asset Account Group. Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the governmental funds.
- b. General Long-Term Debt Account Group. Obligations such as compensated absences payable expected to be financed from governmental funds are accounted for in the general long-term debt account group, not in the governmental funds.

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to the modified accrual basis of accounting utilizing the following practices:

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are collected. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Interest income on time deposits is recorded when the time deposits have matured and the income is available. Substantially all other revenues are recorded when measurable.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

6. Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**B. BUDGETARY PRACTICES**

The Lafourche Basin Levee District utilizes the following budgetary practices:

The District prepares its budget in accordance with Louisiana Revised Statute 39:1301. The budget is prepared on a functional basis for the General Fund. The budget for the fiscal year ended June 30, 2001 was adopted on March 4, 2000 with no subsequent amendments. Formal budget integration is employed as a management control device during the year for the General Fund. All appropriations lapse at

STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2001

year-end, and any encumbrances outstanding at year-end in the governmental funds are included in the next year's budget with funds appropriated in that year to finance them.

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Lafourche Basin Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2001 were secured as follows:

	Deposits in Bank Accounts <u>Cash</u>
Deposits in Bank Accounts per Balance Sheet	<u>\$135,560</u>
Bank Balances:	
a. Insured (FDIC) or collateralized with securities held by the entity or its agent <u>the</u> <u>entity's name</u>	100,000
b. Collateralized with securities held by pledging financial institution's trust department or agent <u>in the entity's name</u>	514,969
c. Uncollateralized, including any securities held for the entity but not in the entity's name	<u>-0-</u>
Total Bank Balances	<u>\$614,969</u>

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. First American Bank	General Fund	<u>\$168,948</u>
Petty Cash		<u>\$50</u>

STATE OF LOUISIANA  
LAFOURCHIE BASIN LEVEE DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2001

2. INVESTMENTS

Upon implementation of GASB Statement 31, reported amount and fair value will often be the same number.

The Lafourche Basin Levee District does maintain investment accounts as authorized by state law.

<u>Type of Investment</u>		<u>Category of Risk</u>		<u>Reported Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
US Government Securities	\$12,712,780	\$ --	\$ --	\$12,712,780	\$12,712,780

D. RECEIVABLES

At June 30, 2001, the District had net receivable balances, totaling \$11,316, as follows:

<u>Class of Receivable</u>	
Royalties & leases receivable	\$11,316

E. NOTES RECEIVABLE

1. **INSTALLMENT SALES** - The District's attorney has opined that the installment-sale method used to transfer title to immovable property owned by the District to another political subdivision is proper and not prohibited by law.

Balance  
06/30/01

In July, 1993, the levee district entered into an installment sale agreement with Ascension Parish Policy Jury. A building with an original cost of \$149,350, was sold to Ascension Parish for \$75,000 with a downpayment of \$7,500 and a balance receivable of \$67,500 to be paid \$7,500 in nine installments due January of each year through the year 2002.

\$ 7,500

In October, 1997, the levee district entered into an installment sale agreement with St. James Parish Council for \$21,499.20 with a downpayment of \$4,299.84 and a balance receivable of \$17,199.36 to be paid \$4,299.84 in four installments due December of each year through the year 2002.

11,760

In November, 1997, the levee district entered into an installment sale agreement with Assumption Parish Police Jury for \$22,800.00 with a downpayment of \$1,140.00 and a balance receivable of \$21,660.00 to be paid \$1,140.00 in nineteen installments due November of each year until paid.

10,780

In February, 2000, the levee district entered into an installment sale agreement with Lafourche Parish Recreation District No. B for \$36,477.75 with a downpayment of \$3,647.77 and a balance receivable of \$32,829.98 to be paid in nine installments due March of each year until paid.

19,477

\$ 49,517

**STATE OF LOUISIANA**  
**LAFOURCHE BASIN LEVEE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2001**

**F. GENERAL FIXED ASSETS**

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain or infrastructure are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost.

A summary of changes in general fixed assets follows:

	Beginning Balance at 6/30/00	Additions	Deletions	Ending Balance at 6/30/01
Land	\$ 130,227	\$ --	\$ --	\$ 130,227
Buildings	418,163	--	--	418,163
Equipment	<u>2,335,031</u>	<u>124,461</u>	<u>351,806</u>	<u>2,107,686</u>
Total	<u>\$2,883,421</u>	<u>\$124,461</u>	<u>\$351,806</u>	<u>\$2,656,076</u>

In accordance with LRS39:321-332, the levee district has complied with the moveable property statutes of the State of Louisiana.

**G. PAYABLES**

At June 30, 2001, the District had payables totaling \$367,326 as follows:

Class of Payable

Accounts payable	\$ 22,739
Salaries payable	17,464
Per Diem payable	1,275
Intergovernmental payable	325,279
Payroll deductions & accruals	<u>569</u>
Total payables	<u>\$367,326</u>

**II. LEAVE**

**1. COMPENSATED ABSENCES**

The Lafourche Basin Levee District has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the General Fund when leave is actually taken. The

**STATE OF LOUISIANA**  
**LAFOURCHE BASIN LEVEE DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2001**

cost of leave privileges applicable to general government operations not requiring current resources is recorded in the general long-term obligations account group.

**2. COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2001 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ -0-. The leave payable is not recorded in the accompanying financial statements.

**I. RETIREMENT SYSTEM**

Substantially all of the employees of the District are members of the Social Security System.

Members are required to contribute 7.5% of gross salary, and the District is required to contribute 7.5% of gross salary. The District contributions to the System for the years ending June 30, 2001, 2000, and 1999, were \$63,257, \$62,034, and \$58,954, respectively, equal to the required contributions for each year. The District does not have any liability for employee pension benefits.

**J. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Lafourche Basin Levee District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all District employees become eligible for those benefits if they reach normal retirement age while working for the District. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the District. The District's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2001 the costs of six retiree benefits totaled \$15,522.

**K. LEASES**

The Lafourche Basin Levee District does not have any operating or capital leases.

**L. GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2001:

	Balance June 30, <u>2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2001</u>
Compensated absences	\$62,672	\$33,666	\$(36,379)	\$59,595

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2001**

**M. LITIGATION**

1. The Lafourche Basin Levee District is involved in litigations at June 30, 2000.

The Lafourche Basin Levee District's legal advisor estimates that potential claims not covered by insurance would not materially affect the financial statements.

**N. INTERGOVERNMENTAL**

Of all taxes collected by the Lafourche Basin Levee District from property located within certain areas of Lafourche Parish and St. Charles Parish located west of the Mississippi River, not less than fifty-seven percent and fifty percent, respectively, of each collection shall be expended for the purposes of levee construction, levee maintenance, and other flood control and drainage works within the portions of those parishes from which the taxes were collected upon request by these parishes. These expenditures shall be in cash or in-kind services as determined by parish governing body and shall be certified as received by the parish's governing body at the end of each fiscal year. The Board of Levee Commissioners transferred \$296,244 in cash to St. Charles Parish.

**O. FUND BALANCE/RETAINED EARNINGS DISCLOSURES**

The following is a breakdown of reserves and designations. Reservations of fund balance/retained earnings represent amounts either legally restricted to a specific future use or not available for appropriation or expenditures. Designations represent tentative management plans.

	General Fund
Reserve for:	
Levee Protection	<u>\$1,500,000</u>

Encumbrances outstanding at June 30, 2001 are for equipment in the amount of \$6,750.

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
For the Year Ended June 30, 2001**

The schedule of per diem paid to the board members of the Lafourche Basin Levee District is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the general administrative expenditures of the general fund. Board members are paid \$75 per meeting for up to 36 meetings each year. The board president, Mr. Aubrey Gravois receives a salary in lieu of per diem in the amount of \$1000 per month.

<u>Name</u>	<u>Amount</u>
Lloyd Becnel	\$ 2,400
Joe Bonadonna	2,400
Carl Bourgeois	1,950
Leonce Carmouche	2,625
Haston Lewis	2,475
Terry Ordoyne	2,625
Kenneth Peltier	2,475
Leroy Sullivan	300
Shelly Tastet	2,175
Dudley Webre	<u>2,475</u>
Total	\$21,900

**STATE OF LOUISIANA  
LAFOURCHE BASIN LEVEE DISTRICT  
SCHEDULE OF STATE FUNDING  
For the Year Ended June 30, 2001**

<u>Description of Funding</u>	<u>Amount</u>
1. State revenue sharing	\$71,310

SCHEDULE 2

**STATE OF LOUISIANA**  
**LAFOURCHIE BASIN LEVEE DISTRICT**  
**SCHEDULE OF EXPENDITURES BY OBJECT**  
**For the Year Ended June 30, 2001**

Personal services	\$1,108,278
Travel	16,858
Operating services	195,312
Supplies	108,210
Professional services	150,449
Other charges	763,804
Capital outlay	<u>124,461</u>
Total	\$2,467,372

SCHEDULE 3

Purpose:

Note C. This note provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of the balance sheet date provide information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments.

**1. Comparison of amounts disclosed for GASB 3 requirements in the note to amounts shown on the Balance Sheet:**

- Generally, the amounts of cash and investments on the balance sheet will not be classified exactly the way they would be classified in the note.
- "Deposits with Financial Institutions" and "Investments" in the note may be reported on the balance sheet using titles or line items that are different than those in the note, or there may be combinations of titles or line items. For instance, "Deposits" in the note may come from several line items on the balance sheet such as "Cash in Bank" and "CD's", or even "Investments" (See section II below that gives further guidance on what should be considered "Deposits" in the note).
- Line items on the balance sheet may include amounts that would be deposits in the note, and may also include amounts that would be investments in the note. Also, cash and cash equivalents line items on the balance sheet may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in the note at all, such as petty cash, cash on hand, and treasury cash.
- Each line item on the balance sheet that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in the note.
- There is not a requirement to provide reconciliation between disclosures in the note and the amounts on the balance sheet, but preparing one could be useful. If a reconciliation is prepared, the total of the balance sheet cash, cash equivalents, and investment line items should equal the total of the deposits and investments in the note (unless the balance sheet cash includes cash not deposited in bank accounts as mentioned above).

**II. "Deposits with Financial Institutions" section of the note:**

Generally, this section of the GASB 3 disclosure, previously titled "Cash and Cash Equivalents", refers to the various examples of "Deposits With Financial Institutions" (See A. for examples). The term "cash and cash equivalents" is used in reference to GASB Statement 9 that affects presentation for the balance sheet and statement of cash flows, not the note disclosures required by GASB Statement 3. "Deposits with Financial Institutions" includes deposit accounts in banks, savings and loan associations, and credit unions. It can include demand, savings, or time accounts, negotiable order of withdrawal (NOW) accounts, and non-negotiable CD's. As stated previously, deposits for GASB 3 disclosure may be a combination of balance sheet line items or titles. DO NOT include treasury cash, petty cash not in a bank account, or cash on hand in the note. If a reconciliation of the note and the balance sheet is prepared as mentioned previously, these amounts would be reconciling items.

**A. Examples and/or definitions:**

Nonnegotiable Certificates of Deposit - Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note disclosures. (Negotiable CDs are securities that are normally sold in \$1 million units that are traded in a secondary market. These are treated as investments for GASB 3 Note disclosures.)

Money Market Accounts - financial institution "money market" accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for GASB 3 Note disclosures.

Bank Investment Contracts (BIC) — A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period. Since a bank issues these, they are treated as deposits for GASB 3

**B. Other definitions as applied to deposits:**

Insured (Insurance) - deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).

Collateral - Security pledged by a financial institution to a government entity for its deposits.

**III. "Investments" section of Note:**

Investments for GASB 3 requirements are either "categorized as to level of credit risk" or "not categorized", and are generally classified by whether they fit the definition of securities or not (see the definition of securities in section IV.C.).

**A. Types of investments that can be categorized as to level of risk & definitions/ examples:**

(In general, investments that fit the definition of securities are categorized in categories of risk.)

1. Repurchase Agreements - An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for: a) the same securities, or for b) different securities.
2. U.S. Government Obligations - examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
3. Common & Preferred Stock - a security that represents an ownership interest in an entity.
4. Commercial Paper - An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
5. Corporate Bonds
6. Other - It is not appropriate to present material amounts of investments as "Other", unless the narrative of the note disclosure describes the composition of the "Other" category.
7. Closed-end Mutual Fund - The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.

**B. Types of investments that cannot be categorized as to level of risk: (In general, investments that are not securities are not classified in categories of credit risk)**

1. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
2. Open-end Mutual Funds - The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, and the investments are not evidenced by securities that exist in physical or book entry form. fund does not issue certificates but sends out periodic statements showing account activity. These
3. Investments in pools managed by another government - GASB 3 does not require the investment to be categorized as to level of risk, but it does not prohibit it either. Generally, these investments would not be categorized because they are not evidenced by securities that exist in physical or book entry form.
4. Private placements, such as venture capital and limited partnerships
5. Investments in real estate, annuity contracts, and direct investments in mortgages

#### IV. Categories of Credit Risk for Deposits and Investments:

Deposits and investments are subject to several types of risks, mainly credit risk and market risk.

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

Market risk - defined as the risk that the market value of investment securities, collateral securities protecting a deposit or securities of a repurchase agreement will decline.

Credit risk categories - concerned with custodial credit risk, which is the risk that a government will not be able (1) to recover deposits if the depository financial institution fails or (2) to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

- A. **Deposits are classified into three categories depending on whether they are insured or collateralized, and who holds the collateral and how the collateral is held.**

Collateral - Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.

Collateralized - When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

Category 1 - Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name.

Category 2 - Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name.

Category 3 - Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities are held by the financial institution's trust department or agent and they are not in the entity's name.

- B. **Investments are classified into three categories depending on whether they are insured or registered, and who holds the securities and how they are held.**

Category 1 - Investments that are insured (SIPC) or registered in the entity's name, or securities held by the entity or agent in the entity's name.

Category 2 - Investments that are not insured or registered, and the securities are held by the counterparty's trust department or agent in the entity's name.

Category 3 - Investments that are not insured or registered, and the securities are held by the counterparty or its trust department or agent not in the entity's name.

- C. **Securities as applied to the credit risk categories.**

Securities - a transferable financial instrument that evidences ownership or creditorship.

Securities can be in either paper or book-entry form.

1. **Examples of securities that are often held by or pledged to (as collateral) governmental entities include:**

- a. Treasury bills, treasury notes, treasury bonds
- b. Federal agency obligations
- c. Corporate debt instruments (including commercial paper)
- d. Corporate equity instruments
- e. Negotiable CD's (keyword here is negotiable)
- f. Bankers' acceptances
- g. Shares of closed-end mutual funds (keyword here is closed-end)
- h. Shares of unit investment trusts

- 2. Instruments or investments that are not securities include: (and are therefore not to be categorized as to credit risk for GASB 3 disclosure requirements)
  - a. Investments made directly with another party (such as limited partnerships)
  - b. Real estate
  - c. Direct investments in mortgages and other loans
  - d. Investments in open-ended mutual funds (keyword here is open-ended)
  - e. Pools managed by other governments
  - f. Annuity contracts
  - g. Guaranteed investment contracts

The instruments or investments identified in 2 above would not be Categorized as to credit risk for GASB 3 disclosure requirements.